

U.S. gold: What to expect

By Roger Boye

This week's column answers the most often-asked questions about Uncle Sam's massive gold-coin program that debuts on Monday.

Q—Where can I buy the new "American Eagle" gold coins?

A—From almost any merchant who sells Canadian Maple Leafs or similar bullion items. In Illinois the list includes dozens of rare-coin and precious-metal dealers, as well as a few financial institutions.

Q—Can I also order uncirculated gold coins directly from the federal government?

A—No. The Treasury will sell coins to wholesale distributors, who in turn will send the gold to retail outlets for sale to investors.

Q—Will I be able to take some coins home with me on Monday?

A—Probably not. The first specimens may take up to 10 days to work their way through the distribution system and reach merchants.

Q—How much will I pay?

A—That will depend on the price of gold on the day you buy. If gold is \$430 an ounce, you might pay roughly \$460 for a one-ounce gold coin. That amount includes \$430 for the

metal plus a premium that probably will range from 6 to 10 percent. The smaller coins will cost less, but you'll pay a higher premium.

Q—Why a premium?

A—It covers the cost of production, distribution, advertising and selling. Uncle Sam will let the market set prices; thus, it may be worthwhile to shop around. Also, you won't have to pay Illinois sales tax on the coins.

Q—If I decided to sell my gold coins in a year or two, where would I go? And what prices would I get?

A—Most dealers who sell "American Eagles" also will buy them back. But the amount you receive will depend on the value of gold at that time.

Q—How many gold-coin types will be made?

A—Four. The \$50 face-value specimen contains one troy ounce of gold; \$25, one-half ounce; \$10, one-quarter ounce; and \$5, one-tenth ounce. The face values make each specimen "legal tender"—official money. But the coins won't turn up in circulation as long as gold values continue to exceed face.

Q—Are the one-ounce U.S. gold coins identical in metal composition to Canadian Maple Leafs and South African Krugerrands?



The U.S. "American Eagle" gold coins make their debut Monday.

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A—All three coins contain one troy ounce of gold. However, the Maple Leafs are 99.99 percent fine gold; Krugerrands are 91.67

percent fine [22 karat gold] and 8.33 percent copper; the U.S. "Eagles" are 91.67 percent gold, 3 percent silver and 5.33 percent copper.

Q—Why does Uncle Sam mix silver and copper into the gold?

A—They harden the alloy, enhance the golden hue and enlarge the coin. [Each "one-ounce Eagle" actually weighs 1.091 troy ounces.]

Q—I'm a collector and would like to buy special proof specimens of the one-ounce gold and silver coins for my collection. How could I do this?

A—The U.S. Mint is mailing ordering instructions to collectors who are on its computerized list. If you're not on it and want the information, write to U.S. Mint Customer Service, 10001 Aerospace Rd., Lanham, Md. 20706. Hurry; the ordering period for 1986-dated proofs may end by Dec. 1.

Q—Are these the first gold bullion coins in U.S. history?

A—Yes; gold pieces minted regularly before 1934 were for use as money. Uncle Sam also has issued a few types of commemorative gold coins for collectors.

Q—Why did the government start now?

A—In part to capture the market share lost by the shunned South African Krugerrand and to boost the domestic gold-mining industry.